

**UNITED STATES DISTRICT COURT  
SOUTHERN DISTRICT OF NEW YORK**

JOSÉ LUIS CERÓN SARRIA, Individually  
and on Behalf of All Others Similarly Situated,

Plaintiff,

v.

TELUS INTERNATIONAL (CDA) INC.,  
JEFFREY PURITT, GOPI CHANDE, and  
VANESSA KANU,

Defendants.

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Case No.

**CLASS ACTION COMPLAINT FOR  
VIOLATIONS OF THE FEDERAL  
SECURITIES LAWS**

**DEMAND FOR JURY TRIAL**

Plaintiff José Luis Cerón Sarria (“Plaintiff”), individually and on behalf of all others similarly situated, by and through his attorneys, alleges the following upon information and belief, except as to those allegations concerning Plaintiff, which are alleged upon personal knowledge. Plaintiff’s information and belief is based upon, among other things, his counsel’s investigation, which includes without limitation: (a) review and analysis of regulatory filings made by TELUS International (Cda) Inc. (“Telus International” or the “Company”) with the United States (“U.S.”) Securities and Exchange Commission (“SEC”); (b) review and analysis of press releases and media reports issued by and disseminated by Telus International; and (c) review of other publicly available information concerning Telus International.

### **NATURE OF THE ACTION AND OVERVIEW**

1. This is a class action on behalf of persons and entities that purchased or otherwise acquired Telus International securities between February 16, 2023 and August 1, 2024, inclusive (the “Class Period”). Plaintiff pursues claims against the Defendants under the Securities Exchange Act of 1934 (the “Exchange Act”).

2. Telus International purports to design, build, and deliver digital solutions for customer experience, including artificial intelligence (“AI”) services, cloud solutions, and user experience/user interface design. Historically, Telus International’s primary business was customer experience management (“CXM”) for business call centers.

3. Starting with its acquisition of Lionbridge AI in December 2020, the Company expanded its digital customer experience footprint and introduced “AI Data Solutions” to its services. Since being introduced, the Company has completed additional acquisitions to bolster its AI-related capabilities. As the Company pivoted, the Company’s customer experience management services went from accounting for 75% of the Company’s revenues in 2019 to only 48% in 2022. Over the same period, revenue from AI Data Solutions increased from 0% to 13%.

The Company's digital focus has grown such that, starting in September 2024, Telus International rebranded itself as Telus Digital Experience (or "Telus Digital").<sup>1</sup>

4. The truth began to emerge on May 9, 2024, before the market opened, when the Company released its first quarter 2024 financial results in a press release for the period ended March 31, 2024. The press release revealed the Company was experiencing declining revenue, including a \$29 million decrease in revenue year over year. On the same day, the Company held an earnings call pursuant to the Company's first quarter 2024 financial results. During the earnings call, the Company's Chief Financial Officer, Gopi Chande, was asked by an analyst to clarify "what margin should look like on a go-forward basis" as margins "were down year-over-year and [] were below the full year guidance." In response, Gopi Chande revealed that the margins generated by the Company's AI offerings "*can be a bit below average.*"

5. On this news, the Company's share price fell \$1.41 or 18.15%, to close at \$6.36 on May 9, 2024, on unusually heavy trading volume.

6. Then, on August 2, 2024, before the market opened, Telus International released second quarter 2024 financial results, revealing a significant slowdown in revenue generation: a \$5 million quarter-over-quarter or \$15 million year-over-year revenue decrease; a \$23 million or 15% quarter-over-quarter adjusted EBITDA decrease; and 14.6% quarter-over-quarter reduction in adjusted EBITDA margin, from 23.3% to 19.9%. As a result, Telus International announced it had significantly reduced its full year 2024 fiscal guidance. The Company also disclosed that Jeff Puritt ("Puritt"), then-President and Chief Executive Officer, would retire effective September 3, 2024. In an earnings call held the same day pursuant to these results, Puritt disclosed that the

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<sup>1</sup> The rebrand to TELUS Digital did not include a change to the Company's legal name or trading symbol (TIXT).

transition of the Company “towards a more technology centric and specifically AI fueled business,” “*necessitates some cannibalization of our tenured and higher margin CX work.*” Puritt further revealed that the Company’s AI offerings had put Telus International in the “*unendurable position*” of allowing the “*complete eradication of margin yields in order to enjoy the revenue upside*” of AI. Puritt concluded that, ultimately, the Company is “*going to have to take it on the chin a little bit in terms of our historical margin profile*” and rely upon “eating our own roommate cooking internally,” referring the self-cannibalization of the business, “in order to create the headwind we need to enjoy the margin yield that we’ve historically benefited from.”

7. On this news, the Company’s share price fell \$2.33 or 35.96%, to close at \$4.15 on August 2, 2024, on unusually heavy trading volume. The stock continued to decline on the next trading day available, falling \$0.83, or 20%, to close at \$3.32 on August 5, 2024, on unusually heavy trading volume.

8. Throughout the Class Period, Defendants made materially false and/or misleading statements, as well as failed to disclose material adverse facts about the Company’s business, operations, and prospects. Specifically, Defendants failed to disclose to investors: (1) the Company’s AI Data Solutions offerings required the cannibalization of its higher-margin offerings; (2) that Telus International’s declining profitability was tied to the Company’s drive to develop AI capabilities; (3) that Telus International’s shift toward AI put greater pressure on the Company’s margins than previously disclosed; and (4) that, as a result of the foregoing, Defendants’ positive statements about the Company’s business, operations, and prospects were materially misleading and/or lacked a reasonable basis.

9. As a result of Defendants' wrongful acts and omissions, and the precipitous decline in the market value of the Company's securities, Plaintiff and other Class members have suffered significant losses and damages.

### **JURISDICTION AND VENUE**

10. The claims asserted herein arise under Sections 10(b) and 20(a) of the Exchange Act (15 U.S.C. §§ 78j(b) and 78t(a)) and Rule 10b-5 promulgated thereunder by the SEC (17 C.F.R. § 240.10b-5).

11. This Court has jurisdiction over the subject matter of this action pursuant to 28 U.S.C. § 1331 and Section 27 of the Exchange Act (15 U.S.C. § 78aa).

12. Venue is proper in this Judicial District pursuant to 28 U.S.C. § 1391(b) and Section 27 of the Exchange Act (15 U.S.C. § 78aa(c)). Substantial acts in furtherance of the alleged fraud or the effects of the fraud have occurred in this Judicial District. Many of the acts charged herein, including the dissemination of materially false and/or misleading information, occurred in substantial part in this Judicial District.

13. In connection with the acts, transactions, and conduct alleged herein, Defendants directly and indirectly used the means and instrumentalities of interstate commerce, including the United States mail, interstate telephone communications, and the facilities of a national securities exchange.

### **PARTIES**

14. Plaintiff José Luis Cerón Sarria, as set forth in the accompanying certification, incorporated by reference herein, purchased Telus International securities during the Class Period, and suffered damages as a result of the federal securities law violations and false and/or misleading statements and/or material omissions alleged herein.

15. Defendant Telus International is incorporated under the laws of the Province of British Columbia with its principal executive offices located in Vancouver, British Columbia. Telus International's Subordinate voting share shares trade on the New York Stock Exchange ("NYSE") exchange under the symbol "TIXT."

16. Defendant Jeffrey Puritt ("Puritt") was the Company's Chief Executive Officer ("CEO") at all relevant times.

17. Defendant Vanessa Kanu ("Kanu") was the Company's Chief Financial Officer ("CFO") from September 7, 2020 until March 3, 2024.

18. Defendant Gopi Chande ("Chande") has been the Company's Chief Financial Officer ("CFO") since March 4, 2024.

19. Defendants Puritt, Kanu and Chande (together, the "Individual Defendants"), because of their positions with the Company, possessed the power and authority to control the contents of the Company's reports to the SEC, press releases and presentations to securities analysts, money and portfolio managers and institutional investors, i.e., the market. The Individual Defendants were provided with copies of the Company's reports and press releases alleged herein to be misleading prior to, or shortly after, their issuance and had the ability and opportunity to prevent their issuance or cause them to be corrected. Because of their positions and access to material non-public information available to them, the Individual Defendants knew that the adverse facts specified herein had not been disclosed to, and were being concealed from, the public, and that the positive representations which were being made were then materially false and/or misleading. The Individual Defendants are liable for the false statements pleaded herein.

## **SUBSTANTIVE ALLEGATIONS**

### **Background**

20. Telus International purports to design, build, and deliver digital solutions for customer experience, including AI services, cloud solutions, and user experience/user interface design. Historically, Telus International's primary business was customer experience management ("CXM") for business call centers.

21. Starting with its acquisition of Lionbridge AI in December 2020, the Company expanded its digital customer experience footprint and introduced "AI Data Solutions" to its services. Since being introduced, the Company has completed additional acquisitions to bolster its AI-related capabilities. As the Company pivoted, the Company's customer experience management services went from accounting for 75% of the Company's revenues in 2019 to only 48% in 2022. Over the same period, revenue from AI Data Solutions increased from 0% to 13%. The Company's digital focus has grown such that, starting in September 2024, Telus International rebranded itself as Telus Digital.

### **Materially False and Misleading**

#### **Statements Issued During the Class Period**

22. The Class Period begins on February 16, 2023. On that day, Telus International hosted its Investor Day presentation and Investor Day Call (the "2023 Investor Day Call").<sup>2</sup> During the 2023 Investor Day Call, Puritt opened the call stating he intended to "spend the next few hours talking about my favorite subject and sharing the details of one of the most exciting technology services growth stories ever told." Puritt continued, stating "TI is extremely well positioned to win in this rapidly evolving market," rhetorically asking "And what exactly does TI do in

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<sup>2</sup> Unless otherwise stated, all emphasis in bold and italics hereinafter is added, and all footnotes are omitted.

connection with this market?” and answering “[f]irst, *AI Data Solutions*.” Puritt continued, touting that the Company’s “*investments in trust and safety and AI to bolster our heritage in CXM*” and are “delivered across a *complementary mix*” “through strong execution.” Specifically, during the 2023 Investor Day Call, Puritt stated, in relevant part:

**Jeffrey Puritt**

I'm so very pleased to welcome you all here today. To spend the next few hours talking about my favorite subject and sharing the details of one of the *most exciting technology services growth stories* ever told.

\* \* \*

*Over the next few hours, the team and I will discuss why we believe that TI is extremely well positioned to win in this rapidly evolving market.* So let's get started. \$750 billion in addressable market. One that is compelling, complex and growing fast. This addressable market has expanded meaningfully of late and it would appear that even industry analysts are having a difficult time keeping up in calculating the growth rate. And what exactly does TI do in connection with this market? Well, my colleagues will be providing you with considerably more detail in this regard over the next few hours, but at a high level, I'll canter through some of them now. *First, AI Data Solutions*, a very topical area, that we invested meaningfully in back in 2020, through our acquisition of Lionbridge AI. *We've seen tremendous growth in this portfolio and we're only just scratching the surface of the full opportunity here with generative AI use cases, in AI productization in particular, in what I would characterize as their early stages.*

\* \* \*

I think there are a number of factors both endogenous and exogenous that influence my view regarding our success to date, both industry-specific and unique to TI. They include a focus on quality for clients for helping our clients do better with less. This focus on quality helps to fuel TI's profitable growth strategy, we are purpose-built for resilience. Resilience that has been tested and proven through multiple business cycles. *Our service mix investments in trust and safety and AI to bolster our heritage in CXM and digital IT is delivered across a complementary mix of targeted (Technical Difficulty) value creation at TI through strong execution.*

\* \* \*

In 2021 when we IPOed, we had an enterprise value of about \$10 billion. So we didn't just 2x the business, we 10x-ed it. So to get the 10x over the next five years may involve nominally bigger numbers, but the multiplier 10x is the same and we're



*starting this leg of our journey with significantly greater assets than we had back in 2016. For example, a scaled AI and content moderation capability, more than 50,000 additional team members and an AI community of over \$1 million, a transaction currency and publicly traded shares, a more senior, experienced and expert leadership team, brand recognition and market awareness of our existence and capabilities and the list goes on and on, excuse me.*

23. During the 2023 Investor Day Call, the Company's Chief Transformation Officer, Beth Howen, spoke of the Company's "AI growth" as a "great story alongside our **complementary** trust and safety and CXM services." Specifically, during the 2023 Investor Day Call, Beth Howen stated, in relevant part:

**Beth Howen**

To Jeff's remarks earlier, we are truly in an exciting period for AI-driven growth, in competition and demand for services continue to accelerate. TI's AI Data Solutions is a leader in an ever-evolving high-quality AI training data space. ***Our AI growth with long-term partners has been impressive, and a great story alongside our complementary trust and safety and CXM services.***

24. During the 2023 Investor Day Call, Kanu offered her statements, including that Telus International had "***gone from a sentiment that is -- that was revenue growth at all costs***" and now seeks to "***align[] profitability and cash flow.***" Kanu further asserted that Telus has "always executed towards profitable growth." Kanu concluded, weighing the revenue mix between CXM and AI Data Solutions, stating she "***can continue to leverage***" the Company's beneficial CXM margins because it can "***refine that in digital IT through the mix of our service offerings and in AI Data Solutions***". Specifically, during the 2023 Investor Day Call, Vanessa Kanu stated, in relevant part:

**Vanessa Kanu**

Now the market sentiment we know is changing. We're actually happy about that, because we're now -- ***we've now gone from a sentiment that is -- that was revenue growth at all costs. So revenue growth was king. So now a sentiment that is more aligned to profitability and cash flow.***

***And what you can see here is TELUS International has actually always executed towards profitable growth.*** And so, while the market is now moving in that direction, this is certainly not a new muscle for us. It actually has been part of our DNA.

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And so, in 2019, 75% of our revenue was derived from CXM services. And look, we only had about 2% of revenue in Trust & Safety. You fast forward to 2022, through a series of acquisitions, which I'll come back and talk to. I think Maria, you called them prescient acquisitions and I would agree. By the end of 2020, before even including WillowTree, our CXM mix is now 52% and you can see there Trust & Safety, 18%; AI Data Solutions, 14%; and Digital IT, 16%. And on a pro forma basis, with WillowTree, we're now about 48% of revenues in CXM, 17% of revenues in Trust & Safety, 13% in AI Data Solutions and 22% in Digital IT.

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In terms of the different service offerings, I would say CXM being 48% of our business, we actually derive very good margins and CXM, but there again, I think we can actually continue to increase that, trust and safety actually today is one of our highest margin service offerings in fact is actually is the highest margin offering. I'd be a little bit cautious as to how much more we can take that forward. But as I look through the longer-term horizon, ***I would see a lot more margin accretion happening in CX because we can continue to leverage that and refine that in digital IT through the mix of our service offerings and in AI Data Solutions.***

25. On May 4, 2023 Telus International announced its first quarter 2023 financial results in a press release for the period ended March 31, 2023. The press release highlighted the Company's revenue of \$686 million, representing an increase of \$87 million or 15% year-over-year in the first quarter and touted the Company's ***“solid performance in revenue and profitability.”*** The press release attributed the Company's 1.1% quarter-over-quarter decrease in adjusted EBITDA Margin, from 23.7% to 22.6%, to “changes in [its] revenue mix across industry verticals and geographic regions, higher salaries and benefits costs.” The press release also attributed a \$10 million year-over-year decline in net income to “higher overall operating and other expenses.” Specifically, the press release stated, in relevant part:

**TELUS International reports first quarter 2023 results, delivering solid performance in revenue and profitability; reiterates full-year outlook**

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**Q1 2023 vs. Q1 2022 highlights**

- Revenue of \$686 million, up \$87 million, a 15% increase year-over-year and 16% on a constant currency basis, driven by growth in services provided to existing clients as well as new clients added since the prior comparative period, including new clients from the acquisition of WillowTree. Excluding revenue earned from WillowTree, our revenue increased 5% and included an unfavorable foreign currency impact of approximately 2% compared with the same quarter of the prior year, associated with the strengthening U.S. dollar exchange rate against the euro.
- Net income of \$14 million and diluted EPS of \$0.05, compared with \$34 million and \$0.13 respectively, in the same quarter of the prior year as *higher revenues were offset by higher overall operating and other expenses*. Net income margin, calculated by dividing net income by revenue for the period, was 2.0%, compared with 5.7% for the same quarter in the prior year. Net income and diluted EPS include the impact of share-based compensation, acquisition and integration charges and amortization of purchased intangible assets, among other items. Adjusted Net Income<sup>2</sup>, which excludes the impact of these items, was 10% higher year-over-year at \$76 million in the first quarter of 2023, up from \$69 million in the same quarter of the prior year.
- Adjusted EBITDA was \$155 million, up 9% from \$142 million in the same quarter of the prior year, as higher revenue earned from existing and new clients, including new clients from the acquisition of WillowTree, more than offset the combined increase in salaries and benefits and goods and services purchased. *Adjusted EBITDA Margin was 22.6%, compared with 23.7% in the same quarter of the prior year, due largely to changes in our revenue mix across industry verticals and geographic regions, higher salaries and benefits costs compared with the prior year, and higher service delivery costs in Europe*. Adjusted Diluted EPS was \$0.28, 8% higher year-over-year.

26. On May 4, 2023, the Company submitted its first quarter 2023 results and interim consolidated financial statements for the period ended March 31, 2023, as well as management's discussion and analysis for the interim financial report for the period ended March 31, 2023, as Exhibit 99.1 and Exhibit 99.2, respectively, on a Form 6-K filed with the SEC. Exhibit 99.1 and

Exhibit 99.2 affirmed the previously reported financial results. Exhibit 99.2 further purported to warn of “Factors Affecting Our Performance and Related Trends” which listed the “key factors affecting our business and financial performance.” The report did not discuss factors related to the Company’s AI Data Solutions offerings. The factors were stated as follows: “Our Ability to Expand and Retain Existing Client Relationships and Attract New Clients,” “Our Ability to Attract and Retain Talent,” “Impact of Inflation, Higher Interest Rates, and Slower Economic Growth,” “Industry Trends,” “Seasonality,” and “Foreign Currency Fluctuations.”

27. On July 13, 2023, Telus International issued a press release outlining a preliminary summary of financial results for the quarter ended June 30, 2023, and updated its full-year 2023 outlook. The press release quoted Defendant Puritt who advised that Telus International was facing a “more cautious outlook for the balance of 2023.” The press release contained revised estimates for fiscal year 2023 and claimed that Telus International’s overall revenue and profitability were negatively impacted by “persistent global macroeconomic pressures.” The press release further quoted Defendant Kanu as noting that the Company was “*driving further automation and generative AI enabled solutions to further optimize our cost structure*” and that, by these AI-solutions are “*efficiency programs [which] will help mitigate the near-term challenges we are facing.*” Specifically, the press release stated, in relevant part:

“During the second quarter, *as a result of persistent global macroeconomic pressures*, TELUS International experienced more pronounced and unexpected reductions in service demand from some of our larger clients, particularly within the technology vertical. *We also experienced delays and lower than expected activity in converting opportunities into spend commitments, as clients continue to address their own cost structures, including successive employee downsizing.* These issues have in turn impacted TELUS International’s overall revenue and profitability to a larger extent than previously anticipated, contributing to a more cautious outlook for the balance of 2023,” said Jeff Puritt, President and CEO of TELUS International.

Vanessa Kanu, CFO said, “The magnitude of the headwinds we’re experiencing and our preview of second quarter performance data prompted a revision to the full-

year outlook for 2023 to better reflect our updated expectations for the remainder of the year. We've actioned significant cost efficiency programs, including staff reductions to address lower service volumes in the technology vertical. *Additionally, we are driving further automation and generative AI enabled solutions to further optimize our cost structure. The benefits of these efficiency programs will help mitigate the near-term challenges we are facing.* Moreover, we do see meaningful opportunities as it relates to digital transformation, generative AI adoption, and the continuing critical importance of differentiated digital customer experience solutions in the market that we believe will be a tailwind for TELUS International's long-term growth and profitability."

28. On August 4, 2023, the Company announced its second quarter 2023 financial results in a press release for the period ended June 30, 2023. The press release highlighted that the Company had generated revenue of \$667 million, up 7% year-over-year. The press release also announced the Company's "[n]et loss of \$7 million, compared with net income of \$56 million in the same quarter last year", "Adjusted EBITDA of \$120 million, 20% lower year-over-year," and "Adjusted Diluted EPS of \$0.17, 43% lower year-over-year." The press release attributed the Company's quarterly results primarily to "pressure in the macroeconomic environment and aggressive near-term cost cutting by certain large clients." Specifically, the press release stated, in relevant part:

**TELUS International reports second quarter 2023 results within previously updated range, and reaffirms revised full-year outlook for 2023**

*Revenue of \$667 million, up 7% year-over-year*

*Net loss of \$7 million, compared with net income of \$56 million in the same quarter last year*

*Diluted EPS of \$(0.03), compared with \$0.21 in the same quarter last year*

*Adjusted EBITDA of \$120 million, 20% lower year-over-year*

*Adjusted Diluted EPS of \$0.17, 43% lower year-over-year*

\* \* \*

"As previously announced on July 13, the second quarter of 2023 marked a challenging operating environment for TELUS International due to meaningful headwinds brought about by *pressure in the macroeconomic environment and*

*aggressive near-term cost cutting by certain large clients,”* said Jeff Puritt, President and CEO of TELUS International. “Through these challenging times, I sincerely thank our global teams for their resilience and perseverance, and staying committed to our clients and their fellow team members. Despite these meaningful pressures and the resultant delays, our global sales team continued to win incremental business in the second quarter, attracting new logos such as a B2B human resources software company; a multi-utility service provider; a subsidiary of a multinational IT and consulting company; and a facilities-based technology and communications company. We were also successful in expanding the services we provide to many of our existing clients. In the second quarter, this included winning more work with Google — our third largest client; as well as driving incremental volumes with an integrated power company in the US; a leading North American financial institution; a major American telecommunications provider; and a North American integrated retail electricity and power generation company.”

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#### **Q2 2023 vs. Q2 2022 summary**

▪Revenue of \$667 million, up \$43 million, a 7% increase year-over-year on both a reported and a constant currency basis<sup>2</sup>, of which \$45 million was from WillowTree, and excluding WillowTree, our revenue was \$622 million, a decrease of \$2 million or less than 1%, *due to a reduction in service volumes from some of our larger clients delivered primarily out of Europe, particularly our technology clients, as well as a global financial institution client*. Revenue growth was not materially impacted by changes in foreign currency rates during the second quarter of 2023.

29. On August 4, 2023, the Company submitted its second quarter 2023 results and interim consolidated financial statements for the period ended June 30, 2023, as well as management’s discussion and analysis for the period ended June 30, 2023, as Exhibit 99.1 and Exhibit 99.2, respectively, to a Form 6-K filed with the SEC. Exhibit 99.1 and Exhibit 99.2 affirmed the previously reported financial results. Exhibit 99.2 further purported to warn of “Factors Affecting Our Performance and Related Trends” which listed the “key factors affecting our business and financial performance.” The report did not discuss factors related to the Company’s AI Data Solutions offerings. The factors were stated as follows: “Our Ability to Expand and Retain Existing Client Relationships and Attract New Clients,” “Our Ability to Attract and Retain Talent,”

“Impact of Inflation, Higher Interest Rates, and Slower Economic Growth,” “Industry Trends,” “Seasonality,” and “Foreign Currency Fluctuations.”

30. On November 3, 2023, the Company announced its third quarter 2023 financial results in a press release for the period ended September 30, 2023. The press release highlighted that the Company generated revenue of \$663 million and touted that the “demonstrating steady revenue growth.” The press release also announced an adjusted EBITDA of \$144 million, a decrease of 9% from \$158 million in the same quarter of the prior year, and adjusted EBITDA margin of 21.7%, compared with 25.7% in the same quarter of the prior year. The Company attributed its year over year decrease of adjusted EBITDA and adjusted EBITDA Margin, to “the increase in salaries and benefits,” “cost imbalances arising from reductions in service demand, principally in Europe,” and changes in the Company’s “revenue mix.” Specifically, the press release stated, in relevant part:

**TELUS International reports third quarter 2023 results, demonstrating steady revenue growth, improved profitability versus prior quarter, and reaffirms full-year outlook for 2023**

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#### **Q3 2023 vs. Q3 2022 summary**

- Revenue of \$663 million, up \$48 million, an increase of 8% year-over-year on a reported basis and 6% on a constant currency basis<sup>1</sup>, of which \$42 million was from WillowTree, and excluding WillowTree, our revenue was \$621 million, an increase of \$6 million, or 1%, which included a favorable foreign currency impact of approximately 2%, compared with the same quarter of the prior year, associated with the weakening U.S. dollar exchange rate against the euro. *Total revenue was negatively impacted by a reduction in service volumes from some of our larger clients delivered primarily out of Europe, particularly our technology clients, as well as a global financial institution client, which were partially offset by increasing revenues from growth in services provided to existing clients, including TELUS Corporation and Google, as well as new clients added since the same period in the prior year.*

\* \* \*



- ***Adjusted EBITDA was \$144 million, a decrease of 9% from \$158 million in the same quarter of the prior year, due primarily to the increase in salaries and benefits outpacing revenue growth, resulting from lower utilization of team members in certain regions. Profitability was impacted by cost imbalances arising from reductions in service demand, principally in Europe, from some of our larger technology clients, which were partially offset by cost efficiency efforts realized during the quarter.*** Adjusted EBITDA Margin was 21.7%, compared with 25.7% in the same quarter of the prior year, due to the aforementioned factors, as well as ***changes in our revenue mix across industry verticals and geographic regions.*** Adjusted Diluted EPS was \$0.21, compared with \$0.32 in the same quarter of the prior year.

31. On November 3, 2023, the Company submitted its third quarter 2023 results and interim consolidated financial statements for the period ended September 30, 2023, as well as management’s discussion and analysis for the period ended September 30, 2023, as Exhibit 99.1 and Exhibit 99.2, respectively, to a Form 6-K filed with the SEC. Exhibit and Exhibit 99.2 affirmed the previously reported financial results. Exhibit 99.2 further purported to warn of “Factors Affecting Our Performance and Related Trends” which listed the “key factors affecting our business and financial performance.” The report did not discuss factors related to the Company’s AI Data Solutions offerings. The factors were stated as follows: “Our Ability to Expand and Retain Existing Client Relationships and Attract New Clients,” “Our Ability to Attract and Retain Talent,” “Impact of Inflation, Higher Interest Rates, and Slower Economic Growth,” “Industry Trends,” “Seasonality,” and “Foreign Currency Fluctuations.”

32. On February 9, 2024, the Company announced its fourth quarter and full year 2023 financial results in a press release for the fiscal year ended December 31, 2023 (the “FY23 Press Release”). The press release highlighted the Company’s ***“solid revenue growth, with resilient profitability and cash flow”*** and asserted that the Company’s adjusted EBITDA benefited from a ***“favourable impact of cost efficiency efforts”*** related to ***“increased volumes in AI Data Solutions.”*** The press release further stated the Company had “made further progress with the



integration of WillowTree and our Digital Solutions services to ensure TELUS International is well positioned[.]” Specifically, the FY23 Press Release stated, in relevant part:

**TELUS International reports fourth quarter and full-year 2023 results,  
delivering solid revenue growth, with resilient profitability and cash flow;  
provides outlook for 2024**

\* \* \*

“At the close of 2023, our management team at TELUS International reflected on a challenging year across our industry and the impact it had on our long-term track record of consistently delivering on expectations. Whilst we took meaningful action to improve performance and our results in the second half of the year started to show signs of stabilization, with significantly improved profitability, our industry is not yet back to a normal operating rhythm, as macroeconomic uncertainty remains and our clients proceed cautiously,” said Jeff Puritt, President and CEO of TELUS International. “In addition to streamlining our operations to match near-term client demand and improving efficiencies at all levels of our company, we’ve also *made further progress with the integration of WillowTree and our Digital Solutions services to ensure TELUS International is well positioned to combine our scaled design and build capabilities along with our technology-led operations and managed services across all of our service lines, going to market as an AI-fueled customer experience partner of choice.*”

\* \* \*

**Q4 2023 vs. Q4 2022 summary**

- Revenue of \$692 million, up \$62 million, an increase of 10% year-over-year on a reported basis and 9% on a constant currency basis<sup>1</sup>, of which \$41 million was from WillowTree. Excluding WillowTree, *our revenue was \$651 million, an increase of \$21 million, or 3%, reflecting growth in services provided to existing large clients, including TELUS Corporation and Google, offsetting lower revenues from one of our largest clients, a leading social media company.* Revenue growth included a favourable foreign currency impact of approximately 1%, associated with the weakening U.S. dollar exchange rate against the euro.

\* \* \*

- Adjusted EBITDA was \$164 million, *an increase of 4% from \$157 million in the same quarter of the prior year, driven by the favourable impact of cost efficiency efforts from earlier in the year and increased volumes in AI Data Solutions, namely with Google, and digital enablement of TELUS.* This helped offset reductions in service demand, principally in Europe, wage inflation and accelerated ramp-up costs in the quarter for

certain clients. Adjusted EBITDA Margin was 23.7% compared with 24.9% in the same quarter of the prior year. Adjusted Diluted EPS was \$0.26, compared with \$0.35 in the same quarter of the prior year.

33. The FY23 Press Release also reported that management released the following full fiscal year 2024 guidance, stating in relevant part:

### **Outlook**

As described above, beginning in the first quarter of 2024, we will no longer exclude share-based compensation expense and changes in business combination-related provisions, and the tax effects of these items, as applicable, in our presentation of Adjusted Net Income, Adjusted Basic and Diluted EPS, and Adjusted EBITDA. We believe this presentation is more indicative of underlying business performance, and better aligns the presentation of these non-GAAP financial measures and ratios with comparable measures and ratios of TELUS Corporation, our parent company. See the “Non-GAAP” and “Non-GAAP reconciliations” sections of this news release for more information regarding this change, including a presentation of each of these non-GAAP financial measures and ratios for full-year 2023 under the modified presentation.

Management has released the following full-year outlook ranges for 2024 (Adjusted EBITDA and Adjusted Diluted EPS are calculated under the modified presentation described above):

- Revenue in the range of \$2,790 to \$2,850 million, representing growth of 3% to 5%
- Adjusted EBITDA in the range of \$623 to \$643 million, representing growth of 7% to 10%, and Adjusted EBITDA Margin in the range of 22.3% to 22.6%
- Adjusted Diluted EPS in the range of \$0.93 to \$0.98, representing growth of 7% to 13%

34. On February 9, 2024, the Company submitted its fourth quarter and full year 2023 financial results for the fiscal year ended December 31, 2023, on a Form 20-F filed with the SEC. The annual report affirmed the previously reported financial results. The annual report further purported to warn of “trend information” including “Factors Affecting Our Performance and Related Trends” which stated the Company “believe[s] that the key factors affecting our business and financial performance” were as follows: “Our Ability to Expand and Retain Existing Client

Relationships and Attract New Clients,” “Our Ability to Attract and Retain Talent,” “Impact of Inflation, Higher Interest Rates, and Slower Economic Growth,” “Industry Trends,” “Seasonality,” and “Foreign Currency Fluctuations.” The annual report further set out the following “Risk Factors Summary” which did not discuss the Company’s AI Data Solutions cannibalizing other revenue sources. Specifically, the annual report stated, in relevant part:

Below is a summary of some of the principal risks we face:

- We face intense competition from companies that offer services similar to ours.
- Our business and financial results have been and could be adversely affected by a number of global conditions and the effects of these same conditions on our clients’ businesses and demand for our services.
- Because the majority of our costs is fixed in the short-term, we may experience a delay in our ability to immediately adjust our cost structure in response to prolonged lower client demand.
- Three clients account for a significant portion of our revenue and loss of or reduction in business from, or consolidation of, these or any other major clients could have a material adverse effect on our business, financial condition, financial performance and prospects.
- Our ability to grow and maintain our profitability could be materially affected if changes in technology, including without limitation generative artificial intelligence (GenAI), and client expectations outpace our service offerings and the development of our internal tools and processes or if we are not able to meet the expectations of our clients.
- Our growth prospects are dependent upon attracting and retaining enough qualified team members to support our operations and competition for talent is intense.
- If we cannot maintain our unique culture as we grow, our services, financial performance and business may be harmed.
- Our business could be adversely affected if we lose members of our senior management.
- We could be unable to successfully identify, complete, integrate and realize the benefits of acquisitions, including our acquisition of WillowTree, or manage the associated risks.

- The unauthorized disclosure of sensitive or confidential client and customer data, through cyberattacks or otherwise, could expose us to protracted and costly litigation, damage to reputation and cause us to lose clients / revenue.
- Our business may not develop in ways that we currently anticipate due to negative public reaction to offshore outsourcing, content moderation and proposed legislation, our use of artificial intelligence (AI) or otherwise.
- Our policies, procedures and programs to safeguard the health, safety and security of our team members, particularly our content moderation team members, may not be adequate, which could adversely affect our ability to attract and retain team members and could result in increased costs, including due to claims against us.
- Our business would be adversely affected if individuals providing data annotation services through TIAI's crowdsourcing solutions were classified as employees (not as independent contractors).
- The dual-class structure contained in our articles has the effect of concentrating voting control and the ability to influence corporate matters with TELUS.
- TELUS will, for the foreseeable future, control the TELUS International Board.
- The market price of our subordinate voting shares may be affected by low trading volume and the market pricing for our subordinate voting shares may decline as a result of future sales, or the perception of the likelihood of future sales, by us or our shareholders in the public market.

35. The above statements identified in ¶¶ 22-34 were materially false and/or misleading, and failed to disclose material adverse facts about the Company's business, operations, and prospects. Specifically, Defendants failed to disclose to investors: (1) the Company's AI Data Solutions offerings required the cannibalization of its higher-margin offerings; (2) that Telus International's declining profitability was tied to the Company's drive to develop AI capabilities; (3) that Telus International's shift toward AI put greater pressure on the Company's margins than previously disclosed; and (4) that, as a result of the foregoing, Defendants' positive statements about the Company's business, operations, and prospects were materially misleading and/or lacked a reasonable basis.

36. The truth began to emerge on May 9, 2024, before the market opened, when the Company released its first quarter 2024 financial results in a press release for the period ended March 31, 2024. The press release revealed the Company was experiencing declining revenue including a \$29 million decrease in revenue year over year, which it attributed to “*reflecting macroeconomic conditions.*” The press release went on to tout that the Company’s “*momentum remains strong in AI Data Solutions*” as the Company reiterated its previously announced full year outlook. Specifically, the press release stated, in relevant part:

**TELUS International reports first quarter 2024 results, delivering robust profitability and cash flow; reiterates full-year outlook**

\* \* \*

“TELUS International delivered first quarter results in line with our expectations, amidst a backdrop of lingering macroeconomic pressures,” said Jeff Puritt, President and CEO of TELUS International. “At all levels and across all areas of our organization, *we continue to focus on further establishing ourselves as the AI-fueled customer experience partner* of choice by our clients, prospects and partners, as well as throughout the industry based on our differentiated end-to-end service offerings and expertise. *With this objective in mind, we are starting to see the success of our efforts manifest through the client mandates we are winning, the continued evolution of our capabilities, the partnerships we are forming and the industry recognition we are receiving.*”

\* \* \*

*Our momentum remains strong in AI Data Solutions*, driven by the strength of our relationship with Google in particular, while we’re also working diligently on pilots and opportunities with many major foundational AI model developers.

\* \* \*

Gopi Chande, CFO said, “In the first quarter of 2024, *TELUS International maintained a robust level of profitability and continued to generate strong cash flows, despite persistent macroeconomic pressures. In addition to meaningful global cost efficiency programs executed over the past nine months that provided solid foundation for our business at the start the year, we are on a continued path to recovery*, with our results in the first quarter reflecting our global team’s focus on harvesting efficiency gains, while managing our expenses and capital expenditures carefully to drive strong cash flow.”

\* \* \*

**Q1 2024 vs. Q1 2023 summary**

- Revenue of \$657 million, a decrease of \$29 million or 4% year-over-year on a reported basis and a decrease of 5% on a constant currency basis<sup>1</sup>, due to lower revenues from a leading social media client and a reduction in revenue in other industry verticals, notably in eCommerce and FinTech and Travel and Hospitality, *reflecting macroeconomic conditions*, which were partially offset by growth in services provided to existing clients, including TELUS Corporation and Google, as well as new clients added since the same period in the prior year; the first quarter revenue included a favorable impact of less than 1%, associated with the weakening U.S. dollar exchange rate against the euro.

\* \* \*

- Adjusted EBITDA was \$153 million, an increase of 9% from \$141 million in the same quarter of the prior year, primarily due to other income arising from business combination-related provisions and lower share-based compensation expense, which were partially offset by lower revenue. Adjusted EBITDA Margin was 23.3%, an improvement of 270 basis points from 20.6% in the same quarter of the prior year, due to the aforementioned factors, as well as changes in our revenue mix across industry verticals and geographic regions. Adjusted Diluted EPS was \$0.22, compared with \$0.23 in the same quarter of the prior year, due to an increase in weighted average number of diluted equity shares outstanding during the period.

\* \* \*

**Outlook**

For the full-year 2024, management continues to expect:

- Revenue in the range of \$2,790 to \$2,850 million, representing growth of 3% to 5%
- Adjusted EBITDA in the range of \$623 to \$643 million, representing growth of 7% to 10%, and Adjusted EBITDA Margin in the range of 22.3% to 22.6%
- Adjusted Diluted EPS in the range of \$0.93 to \$0.98, representing growth of 7% to 13%

37. On the same day, the Company held an earnings call pursuant to the Company's first quarter 2024 financial results. During the earnings call, the Company's Chief Financial

Officer, Gopi Chande was asked by an analyst to clarify “what margin should look like on a go-forward basis” as, “excluding the \$29 million addback around WillowTree” margins “were down year-over-year and [] were below the full year guidance.” In response, Gopi Chande revealed that the margins generated by the Company’s AI offerings “*can be a bit below average.*” Specifically, during the earnings call, Chande stated, as follows, in relevant part:

**Gopi Chande**

[]

So a bit of the pressure relates to the mix of business we're doing. So we don't provide margin by service line, but we have said in the past that trust and safety is one of our higher margin businesses. *And AI data solutions, depending on the work, can be a bit below average. So we're working through the adjustment of the mix of our work.* As I mentioned in my remarks, we are seeing some higher cost of delivery.

38. On this news, the Company’s share price fell \$1.41 or 18.15%, to close at \$6.36 on May 9, 2024, on unusually heavy trading volume.

39. On May 9, 2024, the Company submitted its first quarter 2024 results and interim consolidated financial statements for the period ended March 31, 2024, as well as management’s discussion and analysis for the period ended March 31, 2024, as Exhibit 99.1 and Exhibit 99.2, respectively, to a Form 6-K filed with the SEC. Exhibit and Exhibit 99.2 affirmed the previously reported financial results. Exhibit 99.2 further purported to warn of “Factors Affecting Our Performance and Related Trends” which listed the “key factors affecting our business and financial performance.” The report did not discuss factors related to the Company’s AI Data Solutions offerings. The factors were stated as follows: “Our Ability to Expand and Retain Existing Client Relationships and Attract New Clients,” “Our Ability to Attract and Retain Talent,” “Impact of Inflation, Higher Interest Rates, and Slower Economic Growth,” “Industry Trends,” “Seasonality,” and “Foreign Currency Fluctuations.”

40. The above statements identified in ¶¶ 35-37, 39 were materially false and/or misleading, and failed to disclose material adverse facts about the Company's business, operations, and prospects. Specifically, Defendants failed to disclose to investors: (1) the Company's AI Data Solutions offerings required the cannibalization of its higher-margin offerings; (2) that Telus International's declining profitability was tied to the Company's drive to develop AI capabilities; (3) that Telus International's shift toward AI put greater pressure on the Company's margins than previously disclosed; and (4) that, as a result of the foregoing, Defendants' positive statements about the Company's business, operations, and prospects were materially misleading and/or lacked a reasonable basis.

**Disclosures at the End of the Class Period**

41. On August 2, 2024, before the market opened, Telus International released second quarter 2024 financial results, revealing a significant slowdown in revenue generation: a \$5 million quarter-over-quarter or \$15 million year-over-year revenue decrease; a \$23 million or 15% quarter-over-quarter adjusted EBITDA decrease; and 14.6% quarter-over-quarter reduction in adjusted EBITDA margin, from 23.3% to 19.9%. As a result, Telus International announced it had significantly reduced its full year 2024 fiscal guidance. The Company also disclosed that Puritt, the Company's CEO, would retire effective September 3, 2024. Specifically, the press release stated the following, in relevant part:

“It is with immense gratitude and appreciation for his innumerable contributions to TELUS Digital over the past two decades, and almost a quarter of a century as a TELUS team member, that we announce the retirement of Jeff Puritt, President and CEO of TELUS Digital, effective September 3rd,” said Darren Entwistle, President and CEO of TELUS and Chair of the Board of TELUS Digital.

\* \* \*

Gopi Chande, CFO said, “From a financial performance view, earlier in the year we saw solid signs of the demand recovery on the horizon, including a record in new client bookings in the first quarter, but the pace of new client bookings slowed



in the second quarter, despite continued strength in the sales funnel. *At the same time, there are many cost efficiency and transformation initiatives underway across our global footprint and all levels of the enterprise to help us transform our delivery costs. However, these will need more time to yield meaningful results to help offset the impact of softer revenue and margin pressures in the near term.* Similar to our peers not seeing improvement in the macroeconomic environment, we no longer expect the magnitude of recovery previously expected for the second half of this year. As a result, our financial outlook for the full year 2024 is revised to better reflect the current balance of risks and opportunities.”

\* \* \*

#### **Q2 2024 vs. Q2 2023 summary**

- Revenue of \$652 million, a decrease of \$15 million or 2% year-over-year on a reported basis and on a constant currency basis<sup>1</sup>, due to lower revenues from a leading social media client and other technology clients, reflecting a challenging macroeconomic environment and competitive conditions in the industry. While volumes started to stabilize with such leading social media client, the account has not returned to growth on a year-over-year comparison basis. The softer demand volumes in the quarter were partially offset by growth in services provided to TELUS Corporation and Google, among other existing clients, as well as new clients added since the same period in the prior year.

\* \* \*

- Adjusted EBITDA<sup>1</sup> was \$130 million, an increase of 10% from \$118 million in the same quarter of the prior year, primarily due to other income arising from business combination-related provisions, which were partially offset by a decline in revenue outpacing the decline in operating expenses, and higher share-based compensation expense. Adjusted EBITDA Margin<sup>1</sup> was 19.9%, an improvement of 220 basis points from 17.7% in the same quarter of the prior year, due to aforementioned factors, as well as changes in our revenue mix across industry verticals and geographic regions. Adjusted Diluted EPS<sup>1</sup> was unchanged at \$0.16.

\* \* \*

#### **YTD Q2 2024 vs. YTD Q2 2023 summary**

- Revenue of \$1,309 million, a decrease of \$44 million or 3% year-over-year on a reported basis and on a constant currency basis, due to the same factors as outlined above, as well as a reduction in revenue in other industry verticals, notably in Communications and Media excluding TELUS Corporation, eCommerce, and Banking, Financial Services and Insurance, also reflective of a persistently

challenging macroeconomic environment and competitive conditions in the industry.

\* \* \*

Adjusted EBITDA was \$283 million, an increase of 9% from \$259 million in the same period of the prior year, primarily due to other income arising from business combination-related provisions and lower share-based compensation expense, which were partially offset by a decline in revenue outpacing the decline in operating expenses. Adjusted EBITDA Margin was 21.6%, an improvement of 250 basis points from 19.1% in the same period of the prior year, due to the aforementioned factors, as well as changes in our revenue mix across industry verticals and geographic regions. Adjusted Diluted EPS was \$0.38, compared with \$0.39 in the same period of the prior year.

\* \* \*

## Outlook

For the full-year 2024, management now expects the following ranges for revenue, Adjusted EBITDA and Adjusted EBITDA Margin, and Adjusted Diluted EPS. These outlook ranges reflect three key assumptions: (1) we no longer assume the magnitude of the broader demand recovery, specifically as it relates to previously expected upside in the second half of the year; (2) we expect our margins to stabilize in the second half aligned with the second quarter of 2024, at the same time, we don't expect to record any material amounts for other income arising from business combination-related provisions in the next two quarters and expect incrementally higher share-based compensation as a result of the WillowTree earnout renegotiation; and (3) we have reduced the in-year financial benefit from our ongoing cost efficiency and transformation initiatives to reflect our revised expectations for what can be achieved in 2024.

- Revenue in the range of \$2,610 to \$2,665 million
- Adjusted EBITDA in the range of \$465 to \$485 million and Adjusted EBITDA Margin in the range of 17.8% to 18.1%
- Adjusted Diluted EPS in the range of \$0.39 to \$0.44

42. On the same date, the Company held an earnings call pursuant to these results (the “2Q24 Earnings Call”). During the 2Q24 Earnings Call, Puritt disclosed that the transition of the Company “towards a more technology centric and specifically AI fueled business,” “*necessitates*

*some cannibalization of our tenured and higher margin CX work.*” Specifically, during 2Q24 Earnings Call, Puritt made the following statement during his opening comments, in relevant part:

**Jeff Puritt**

□

As we continue to evolve TELUS digital towards a more technology centric and specifically AI fueled business, this fundamental change will also help to future proof our business model. *In the near-term, however, this transition necessitates some cannibalization of our tenured and higher margin CX work.* Historically, in the mid-20s to mid-30s EBITDA margin range with still nascent and relatively lower margin AI revenue streams. We believe this near-term margin dilutive trade off will be resolved as our Gen AI focused offerings, continue to achieve better scale generating a much improved level of profitability, which will bolster the acceleration of our overall enterprise margin profile.

43. Later in the 2Q24 Earnings Call, an analyst asked Puritt to clarify the drivers of the “pricing pressure you described” to which Defendant Puritt explained that, the Company’s AI offerings had put the Company in the *“unendurable position”* of allowing the *“complete eradication of margin yields in order to enjoy the revenue upside.”* Puritt explained the Company had found balance *“elusive”* and that ultimately, the Company is *“going to have to take it on the chin a little bit in terms of our historical margin profile”* and rely upon “eating our own roommate cooking internally,” referring the self-cannibalization of the business, “in order to create the headwind we need to enjoy the margin yield that we’ve historically benefited from.” Specifically, during 2Q24 Earnings Call, Puritt made the following statement during the question and answer portion of the call, in relevant part:

**Jeff Puritt**

□

On the ladder, on the CX front, I think because of the opportunities for technology substitution and enablement, there is this pervasive downward pressure and expectation. While with more technology in the solution and less labor, you should be able to deliver more cost effectively. And indeed, whilst we’re making progress

on that front, it has not been, as I said in my earlier remarks, as quick as we should have been.

On the AI front, remember, a lot of our competitors are either private companies or companies that are clearly not targeting the same kind of profitable margin yield as we, and as a consequence, their focus on price has been considerably less important. They're looking for the land grab and just revenue growth. *And so it put us in this unendurable position of, well, do we allow for this complete eradication of margin yields in order to enjoy the revenue upside? Or do we try and find that elusive balance?* And that's really been the challenge over the last few years and I think as you heard from our comments and reflected in our revised guidance, we're going to have to take it on the chin a little bit in terms of our historical margin profile, so that we can enjoy the upside in revenue and then rely upon scale and our own eating, our own roommate cooking internally, as I said, in order to create the headwind we need to enjoy the margin yield that we've historically benefited from.

44. On this news, the Company's share price fell \$2.33 or 35.96%, to close at \$4.15 on August 2, 2024, on unusually heavy trading volume. The stock continued to decline on the next trading day available, falling \$0.83, or 20%, to close at \$3.32 on August 5, 2024, on unusually heavy trading volume.

### **CLASS ACTION ALLEGATIONS**

45. Plaintiff brings this action as a class action pursuant to Federal Rule of Civil Procedure 23(a) and (b)(3) on behalf of a class, consisting of all persons and entities that purchased or otherwise acquired Telus International securities between February 16, 2023 and August 1, 2024, inclusive, and who were damaged thereby (the "Class"). Excluded from the Class are Defendants, the officers and directors of the Company, at all relevant times, members of their immediate families and their legal representatives, heirs, successors, or assigns, and any entity in which Defendants have or had a controlling interest.

46. The members of the Class are so numerous that joinder of all members is impracticable. Throughout the Class Period, Telus International's shares actively traded on the NYSE. While the exact number of Class members is unknown to Plaintiff at this time and can only be ascertained through appropriate discovery, Plaintiff believes that there are at least hundreds

or thousands of members in the proposed Class. Millions of Telus International shares were traded publicly during the Class Period on the NYSE. Record owners and other members of the Class may be identified from records maintained by Telus International or its transfer agent and may be notified of the pendency of this action by mail, using the form of notice similar to that customarily used in securities class actions.

47. Plaintiff's claims are typical of the claims of the members of the Class as all members of the Class are similarly affected by Defendants' wrongful conduct in violation of federal law that is complained of herein.

48. Plaintiff will fairly and adequately protect the interests of the members of the Class and has retained counsel competent and experienced in class and securities litigation.

49. Common questions of law and fact exist as to all members of the Class and predominate over any questions solely affecting individual members of the Class. Among the questions of law and fact common to the Class are:

(a) whether the federal securities laws were violated by Defendants' acts as alleged herein;

(b) whether statements made by Defendants to the investing public during the Class Period omitted and/or misrepresented material facts about the business, operations, and prospects of Telus International; and

(c) to what extent the members of the Class have sustained damages and the proper measure of damages.

50. A class action is superior to all other available methods for the fair and efficient adjudication of this controversy since joinder of all members is impracticable. Furthermore, as the damages suffered by individual Class members may be relatively small, the expense and burden

of individual litigation makes it impossible for members of the Class to individually redress the wrongs done to them. There will be no difficulty in the management of this action as a class action.

### **UNDISCLOSED ADVERSE FACTS**

51. The market for Telus International's securities was open, well-developed and efficient at all relevant times. As a result of these materially false and/or misleading statements, and/or failures to disclose, Telus International's securities traded at artificially inflated prices during the Class Period. Plaintiff and other members of the Class purchased or otherwise acquired Telus International's securities relying upon the integrity of the market price of the Company's securities and market information relating to Telus International, and have been damaged thereby.

52. During the Class Period, Defendants materially misled the investing public, thereby inflating the price of Telus International's securities, by publicly issuing false and/or misleading statements and/or omitting to disclose material facts necessary to make Defendants' statements, as set forth herein, not false and/or misleading. The statements and omissions were materially false and/or misleading because they failed to disclose material adverse information and/or misrepresented the truth about Telus International's business, operations, and prospects as alleged herein.

53. At all relevant times, the material misrepresentations and omissions particularized in this Complaint directly or proximately caused or were a substantial contributing cause of the damages sustained by Plaintiff and other members of the Class. As described herein, during the Class Period, Defendants made or caused to be made a series of materially false and/or misleading statements about Telus International's financial well-being and prospects. These material misstatements and/or omissions had the cause and effect of creating in the market an unrealistically positive assessment of the Company and its financial well-being and prospects, thus causing the Company's securities to be overvalued and artificially inflated at all relevant times. Defendants'

materially false and/or misleading statements during the Class Period resulted in Plaintiff and other members of the Class purchasing the Company's securities at artificially inflated prices, thus causing the damages complained of herein when the truth was revealed.

### **LOSS CAUSATION**

54. Defendants' wrongful conduct, as alleged herein, directly and proximately caused the economic loss suffered by Plaintiff and the Class.

55. During the Class Period, Plaintiff and the Class purchased Telus International's securities at artificially inflated prices and were damaged thereby. The price of the Company's securities significantly declined when the misrepresentations made to the market, and/or the information alleged herein to have been concealed from the market, and/or the effects thereof, were revealed, causing investors' losses.

### **SCIENTER ALLEGATIONS**

56. As alleged herein, Defendants acted with scienter since Defendants knew that the public documents and statements issued or disseminated in the name of the Company were materially false and/or misleading; knew that such statements or documents would be issued or disseminated to the investing public; and knowingly and substantially participated or acquiesced in the issuance or dissemination of such statements or documents as primary violations of the federal securities laws. As set forth elsewhere herein in detail, the Individual Defendants, by virtue of their receipt of information reflecting the true facts regarding Telus International, their control over, and/or receipt and/or modification of Telus International's allegedly materially misleading misstatements and/or their associations with the Company which made them privy to confidential proprietary information concerning Telus International, participated in the fraudulent scheme alleged herein.

**APPLICABILITY OF PRESUMPTION OF RELIANCE****(FRAUD-ON-THE-MARKET DOCTRINE)**

57. The market for Telus International's securities was open, well-developed and efficient at all relevant times. As a result of the materially false and/or misleading statements and/or failures to disclose, Telus International's securities traded at artificially inflated prices during the Class Period. On February 23, 2023 the Company's share price closed at a Class Period high of \$22.15 per share. Plaintiff and other members of the Class purchased or otherwise acquired the Company's securities relying upon the integrity of the market price of Telus International's securities and market information relating to Telus International, and have been damaged thereby.

58. During the Class Period, the artificial inflation of Telus International's shares was caused by the material misrepresentations and/or omissions particularized in this Complaint causing the damages sustained by Plaintiff and other members of the Class. As described herein, during the Class Period, Defendants made or caused to be made a series of materially false and/or misleading statements about Telus International's business, prospects, and operations. These material misstatements and/or omissions created an unrealistically positive assessment of Telus International and its business, operations, and prospects, thus causing the price of the Company's securities to be artificially inflated at all relevant times, and when disclosed, negatively affected the value of the Company shares. Defendants' materially false and/or misleading statements during the Class Period resulted in Plaintiff and other members of the Class purchasing the Company's securities at such artificially inflated prices, and each of them has been damaged as a result.

59. At all relevant times, the market for Telus International's securities was an efficient market for the following reasons, among others:



(a) Telus International shares met the requirements for listing, and was listed and actively traded on the NYSE, a highly efficient and automated market;

(b) As a regulated issuer, Telus International filed periodic public reports with the SEC and/or the NYSE;

(c) Telus International regularly communicated with public investors via established market communication mechanisms, including through regular dissemination of press releases on the national circuits of major newswire services and through other wide-ranging public disclosures, such as communications with the financial press and other similar reporting services; and/or

(d) Telus International was followed by securities analysts employed by brokerage firms who wrote reports about the Company, and these reports were distributed to the sales force and certain customers of their respective brokerage firms. Each of these reports was publicly available and entered the public marketplace.

60. As a result of the foregoing, the market for Telus International's securities promptly digested current information regarding Telus International from all publicly available sources and reflected such information in Telus International's share price. Under these circumstances, all purchasers of Telus International's securities during the Class Period suffered similar injury through their purchase of Telus International's securities at artificially inflated prices and a presumption of reliance applies.

61. A Class-wide presumption of reliance is also appropriate in this action under the Supreme Court's holding in *Affiliated Ute Citizens of Utah v. United States*, 406 U.S. 128 (1972), because the Class's claims are, in large part, grounded on Defendants' material misstatements and/or omissions. Because this action involves Defendants' failure to disclose material adverse

information regarding the Company's business operations and financial prospects—information that Defendants were obligated to disclose—positive proof of reliance is not a prerequisite to recovery. All that is necessary is that the facts withheld be material in the sense that a reasonable investor might have considered them important in making investment decisions. Given the importance of the Class Period material misstatements and omissions set forth above, that requirement is satisfied here.

### **NO SAFE HARBOR**

62. The statutory safe harbor provided for forward-looking statements under certain circumstances does not apply to any of the allegedly false statements pleaded in this Complaint. The statements alleged to be false and misleading herein all relate to then-existing facts and conditions. In addition, to the extent certain of the statements alleged to be false may be characterized as forward looking, they were not identified as “forward-looking statements” when made and there were no meaningful cautionary statements identifying important factors that could cause actual results to differ materially from those in the purportedly forward-looking statements. In the alternative, to the extent that the statutory safe harbor is determined to apply to any forward-looking statements pleaded herein, Defendants are liable for those false forward-looking statements because at the time each of those forward-looking statements was made, the speaker had actual knowledge that the forward-looking statement was materially false or misleading, and/or the forward-looking statement was authorized or approved by an executive officer of Telus International who knew that the statement was false when made.

**FIRST CLAIM**

**Violation of Section 10(b) of The Exchange Act and**

**Rule 10b-5 Promulgated Thereunder**

**Against All Defendants**

63. Plaintiff repeats and re-alleges each and every allegation contained above as if fully set forth herein.

64. During the Class Period, Defendants carried out a plan, scheme and course of conduct which was intended to and, throughout the Class Period, did: (i) deceive the investing public, including Plaintiff and other Class members, as alleged herein; and (ii) cause Plaintiff and other members of the Class to purchase Telus International's securities at artificially inflated prices. In furtherance of this unlawful scheme, plan and course of conduct, Defendants, and each defendant, took the actions set forth herein.

65. Defendants (i) employed devices, schemes, and artifices to defraud; (ii) made untrue statements of material fact and/or omitted to state material facts necessary to make the statements not misleading; and (iii) engaged in acts, practices, and a course of business which operated as a fraud and deceit upon the purchasers of the Company's securities in an effort to maintain artificially high market prices for Telus International's securities in violation of Section 10(b) of the Exchange Act and Rule 10b-5. All Defendants are sued either as primary participants in the wrongful and illegal conduct charged herein or as controlling persons as alleged below.

66. Defendants, individually and in concert, directly and indirectly, by the use, means or instrumentalities of interstate commerce and/or of the mails, engaged and participated in a continuous course of conduct to conceal adverse material information about Telus International's financial well-being and prospects, as specified herein.

67. Defendants employed devices, schemes and artifices to defraud, while in possession of material adverse non-public information and engaged in acts, practices, and a course of conduct as alleged herein in an effort to assure investors of Telus International's value and performance and continued substantial growth, which included the making of, or the participation in the making of, untrue statements of material facts and/or omitting to state material facts necessary in order to make the statements made about Telus International and its business operations and future prospects in light of the circumstances under which they were made, not misleading, as set forth more particularly herein, and engaged in transactions, practices and a course of business which operated as a fraud and deceit upon the purchasers of the Company's securities during the Class Period.

68. Each of the Individual Defendants' primary liability and controlling person liability arises from the following facts: (i) the Individual Defendants were high-level executives and/or directors at the Company during the Class Period and members of the Company's management team or had control thereof; (ii) each of these defendants, by virtue of their responsibilities and activities as a senior officer and/or director of the Company, was privy to and participated in the creation, development and reporting of the Company's internal budgets, plans, projections and/or reports; (iii) each of these defendants enjoyed significant personal contact and familiarity with the other defendants and was advised of, and had access to, other members of the Company's management team, internal reports and other data and information about the Company's finances, operations, and sales at all relevant times; and (iv) each of these defendants was aware of the Company's dissemination of information to the investing public which they knew and/or recklessly disregarded was materially false and misleading.

69. Defendants had actual knowledge of the misrepresentations and/or omissions of material facts set forth herein, or acted with reckless disregard for the truth in that they failed to ascertain and to disclose such facts, even though such facts were available to them. Such defendants' material misrepresentations and/or omissions were done knowingly or recklessly and for the purpose and effect of concealing Telus International's financial well-being and prospects from the investing public and supporting the artificially inflated price of its securities. As demonstrated by Defendants' overstatements and/or misstatements of the Company's business, operations, financial well-being, and prospects throughout the Class Period, Defendants, if they did not have actual knowledge of the misrepresentations and/or omissions alleged, were reckless in failing to obtain such knowledge by deliberately refraining from taking those steps necessary to discover whether those statements were false or misleading.

70. As a result of the dissemination of the materially false and/or misleading information and/or failure to disclose material facts, as set forth above, the market price of Telus International's securities was artificially inflated during the Class Period. In ignorance of the fact that market prices of the Company's securities were artificially inflated, and relying directly or indirectly on the false and misleading statements made by Defendants, or upon the integrity of the market in which the securities trades, and/or in the absence of material adverse information that was known to or recklessly disregarded by Defendants, but not disclosed in public statements by Defendants during the Class Period, Plaintiff and the other members of the Class acquired Telus International's securities during the Class Period at artificially high prices and were damaged thereby.

71. At the time of said misrepresentations and/or omissions, Plaintiff and other members of the Class were ignorant of their falsity, and believed them to be true. Had Plaintiff

and the other members of the Class and the marketplace known the truth regarding the problems that Telus International was experiencing, which were not disclosed by Defendants, Plaintiff and other members of the Class would not have purchased or otherwise acquired their Telus International securities, or, if they had acquired such securities during the Class Period, they would not have done so at the artificially inflated prices which they paid.

72. By virtue of the foregoing, Defendants violated Section 10(b) of the Exchange Act and Rule 10b-5 promulgated thereunder.

73. As a direct and proximate result of Defendants' wrongful conduct, Plaintiff and the other members of the Class suffered damages in connection with their respective purchases and sales of the Company's securities during the Class Period.

## **SECOND CLAIM**

### **Violation of Section 20(a) of The Exchange Act**

#### **Against the Individual Defendants**

74. Plaintiff repeats and re-alleges each and every allegation contained above as if fully set forth herein.

75. Individual Defendants acted as controlling persons of Telus International within the meaning of Section 20(a) of the Exchange Act as alleged herein. By virtue of their high-level positions and their ownership and contractual rights, participation in, and/or awareness of the Company's operations and intimate knowledge of the false financial statements filed by the Company with the SEC and disseminated to the investing public, Individual Defendants had the power to influence and control and did influence and control, directly or indirectly, the decision-making of the Company, including the content and dissemination of the various statements which Plaintiff contends are false and misleading. Individual Defendants were provided with or had unlimited access to copies of the Company's reports, press releases, public filings, and other

statements alleged by Plaintiff to be misleading prior to and/or shortly after these statements were issued and had the ability to prevent the issuance of the statements or cause the statements to be corrected.

76. In particular, Individual Defendants had direct and supervisory involvement in the day-to-day operations of the Company and, therefore, had the power to control or influence the particular transactions giving rise to the securities violations as alleged herein, and exercised the same.

77. As set forth above, Telus International and Individual Defendants each violated Section 10(b) and Rule 10b-5 by their acts and omissions as alleged in this Complaint. By virtue of their position as controlling persons, Individual Defendants are liable pursuant to Section 20(a) of the Exchange Act. As a direct and proximate result of Defendants' wrongful conduct, Plaintiff and other members of the Class suffered damages in connection with their purchases of the Company's securities during the Class Period.

#### **PRAYER FOR RELIEF**

WHEREFORE, Plaintiff prays for relief and judgment, as follows:

- (a) Determining that this action is a proper class action under Rule 23 of the Federal Rules of Civil Procedure;
- (b) Awarding compensatory damages in favor of Plaintiff and the other Class members against all defendants, jointly and severally, for all damages sustained as a result of Defendants' wrongdoing, in an amount to be proven at trial, including interest thereon;
- (c) Awarding Plaintiff and the Class their reasonable costs and expenses incurred in this action, including counsel fees and expert fees; and
- (d) Such other and further relief as the Court may deem just and proper.

**JURY TRIAL DEMANDED**

Plaintiff hereby demands a trial by jury.

Dated: January 30, 2025

*/s/ Rebecca Dawson*

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*Counsel for Plaintiff José Luis Cerón Sarria*



**SWORN CERTIFICATION OF PLAINTIFF**

TELUS International (Cda), Inc., SECURITIES LITIGATION

José Luis Cerón Sarria

I, \_\_\_\_\_, certify:

1. I have reviewed the Complaint, adopt its allegations, and authorize its filing and/or the filing of a lead plaintiff motion on my behalf.
2. I did not purchase TELUS International (Cda), Inc., the security that is the subject of this action at the direction of plaintiff's counsel or in order to participate in any private action arising under this title.
3. I am willing to serve as a representative party on behalf of a class and will testify at deposition and trial, if necessary.
4. My transactions in TELUS International (Cda), Inc., during the class period set forth in the Complaint are as follows:

See Attached Transactions

5. I have not served as a representative party on behalf of a class under this title during the last three years except as stated:
6. I will not accept any payment for serving as a representative party, except to receive my pro rata share of any recovery or as ordered or approved by the court including the award to a representative plaintiff of reasonable costs and expenses (including lost wages) directly relating to the representation of the class.

I declare under penalty of perjury that the foregoing are true and correct statements.

1/23/2025

Dated: \_\_\_\_\_

Signed by:



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\_\_\_\_\_  
José Luis Cerón Sarria

**José Luis Cerón Sarria's Transactions in TELUS International  
(Cda) Inc. (TIXT)**

<b>Date</b>	<b>Transaction Type</b>	<b>Quantity</b>	<b>Unit Price</b>
5/22/2024	Bought	33.0000	\$6.1500
5/22/2024	Bought	15.0000	\$6.1500
5/22/2024	Bought	0.7792	\$6.1600